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Chas. F. McDevitt
Dean J. (Joe) Miller

September 29, 2014

Via Hand Delivery

Jean Jewell, Secretary
Idaho Public Utilities Commission
472 W. Washington St.
Boise, Idaho 83720

RECEIVED
2014 SEP 29 AM 10:52
IDAHO PUBLIC
UTILITIES COMMISSION

**Re: Case No UWI-W-14-01/ Application of United Water Idaho Inc.,
and Brian Subdivision Water Users Association**

Dear Ms. Jewell:

Enclosed for filing is an original and seven (7) copies of United Water Idaho Inc.'s Application and Request for Modified Procedure.

Also enclosed for filing are the original and nine (9) copies of the Testimony and exhibits of Gregory P. Wyatt and Richard Juengling. One copy of each of these Testimonies has been designated as the "Reporter's Copy." In addition, a disk containing MS Word versions of the Testimonies is enclosed for the Reporter.

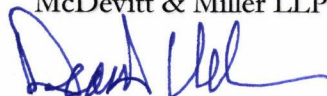
As can be seen in the Application and Testimonies, in order to solve a public health problem, it is advisable to construct water system facilities in the near future. The Parties therefore request prompt consideration.

If you have any questions, please do not hesitate to contact me.

Kindly return a stamped copy.

Very Truly Yours,

McDevitt & Miller LLP


Dean J. Miller

DJM/hh

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RECEIVED
2014 SEP 29 AM 10: 52
IDAHO PUBLIC
UTILITIES COMMISSION

Attorney for United Water Idaho Inc.

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

**IN THE MATTER OF THE JOINT
APPLICATION OF UNITED WATER
IDAHO INC., AND BRIAN SUBDIVISION
WATER USERS ASSOCIATION FOR
APPROVAL OF AN AMENDMENT TO
CERTIFICATE OF PUBLIC
CONVENIENCE AND NECESSITY NO.
143; APPROVAL OF AN AGREEMENT
FOR CONNECTION AND TRANSFER OF
WATER SYSTEMS; APPROVAL OF
RATES AND CHARGES**

Case No. UWI-W-14-01

**APPLICATION AND REQUEST
FOR MODIFIED PROCEDURE**

COME NOW United Water Idaho Inc., ("United Water") and Brian Subdivision Water Users Association ("BSWUA") pursuant to RP 112 and 201 in support of this Application respectfully shows as follows, to wit:

I.

United Water is a public utility water corporation within the meaning of the Idaho Public Utility Law, is duly organized and existing under the laws of the State of Idaho and engaged in conducting a general water business in and about Boise City, Ada County, Idaho, having its

principal office and place of business at 8248 West Victory Road, P.O. Box 190420, Boise, Idaho 83719-0420.

II.

Communications in reference to this Application should be addressed to:

Gregory P. Wyatt
UNITED WATER IDAHO INC.
P.O. Box 190420
Boise, Idaho 83719-0420
208-362-7327
208-362-7069 (fax)

Dean J. Miller, Esq.
MCDEVITT & MILLER LLP
P.O. Box 2564
Boise, Idaho 83701
208-343-7500
208-336-6912 (fax)

Richard Juengling, President
Brian Subdivision Water Users Association
5855 E. Wood Place
Boise, Idaho 83716

III.

A certified copy of United Water's Articles of Incorporation, together with all amendments to date, is on file with the Commission.

IV.

For over 100 years, United Water, together with its predecessors in interest, has owned and operated and now owns and operates an extensive and integrated water system in Boise City, Idaho, and in certain territories within Ada County in the vicinity of, but outside the present corporate limits of said Boise City, and renders general water service within such territory and to the inhabitants thereof.

V.

BSWUA is an Idaho not-for-profit corporation. It operates a domestic water system providing potable water service to its members within an area known as the Brian Subdivision. There are currently forty-six (46) connected customers within the Brian Subdivision.

The Idaho Department of Environmental Quality (DEQ) has issued an Order requiring BSWUA to eliminate existing nitrate contamination from its domestic water system. Nitrate contamination poses a risk to public health and safety. After diligent investigation, BSWUA has determined that the only feasible method to eliminate existing nitrate contamination is to connect its domestic water system to United Water's domestic water system and to transfer its domestic water system to United Water. Accompanying this Application is the Direct Testimony of Richard Juengling explaining BSWUA's investigations and conclusions. The location of the BSWUA domestic water system is depicted on **Exhibit A**. The legal description of the Brian Subdivision is set forth in **Exhibit B**.

VI.

United Water and BSWUA have entered into an **Agreement for Connection and Transfer of Water Systems** (Agreement), a true copy of which is attached hereto as **Exhibit C**.

Pursuant to the Agreement, and subject to approval by the Commission, United Water will construct facilities to connect the BSWUA domestic water system and thereafter provide potable water service to the BSWUA customers.

VII.

As recited in the Agreement, United Water estimates the construction cost of facilities and improvements to be \$1,340,209, itemized as follows:

- (a) **Pipeline**: \$1,215,184.
- (b) **Services and meters**: \$125,026.

These estimated costs will be subject to true-up upon completion of construction.

VIII.

As recited in the Agreement, BSWUA proposes that a fair and reasonable allocation of the costs set forth above is:

- (a) **Pipeline:** Not more than ten percent (10%) of the trued-up pipeline construction cost shall be allocated to BSWUA customers to be recovered in the manner to be proposed herein. Ninety percent (90%) of the trued-up pipeline construction cost shall be allocated to United Water customers.
- (b) **Services and meters:** One hundred percent (100%) of the trued-up construction cost of services and meters shall be allocated to BSWUA customers to be recovered in the manner proposed herein.

The rationale for this proposed allocation is discussed in more detail in the Direct Testimony of Richard Juengling, filed herewith.

IX.

United Water estimates that the first year per customer revenue requirement associated with construction costs allocated to BSWUA Water customers is approximately \$165,609. As discussed in the Direct Testimony of Richard Juengling, BSWUA proposes that this revenue requirement be recovered from BSWUA customers through a bi-monthly surcharge, over and above the rates contained in United Water's Rate Schedule No. 1, for a ten year period in the amount of not more than \$124.86, or by a one-time payment. Calculations showing the derivation of this surcharge accompany the Direct Testimony of Gregory P. Wyatt, filed herewith.

X.

United Water and BSWUA propose that the surcharge set for above be approved under the “contract standard” such that it would not be subject to change in subsequent general rate proceedings absent a showing of adversity to the public interest. *See, In re: Idaho Power and Prairie Power*, Case No. IPC-E-92-11, Order No. 24398.

XI.

United Water proposes the following ratemaking treatment with respect to the costs allocated to its customers. First, that United Water be permitted to continue recording an Allowance for Funds Used During Contraction (AFUDC) after completion of the project and until the investment is included in rates in United Water’s next general rate proceeding. Second, that as such time as the investment is included in rates in United Water’s next general rate proceeding, the investment be included at its full amount, and not subject to the thirteen month averaging methodology, if that methodology would otherwise apply.

As explained in more detail in the accompanying testimony of Gregory P. Wyatt, United Water believes these requested ratemaking treatments fairly compensate it for undertaking investments it would not otherwise immediately undertake and which provide the only feasible solution to a public health and safety problem in Ada County.

XII.

Upon approval by the Commission of this Application, United Water will file a conforming tariff setting forth the terms of service for customers within the Brian Subdivision pursuant to RP 133.

XIII.

Contemporaneously with this Application is providing notice to each of its members by a Notice to Members in the form attached hereto as **Exhibit D**.

Request for Modified Procedure

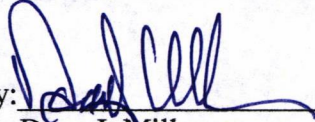
United Water and BSWUA do not believe a hearing is required to consider the issues presented herein and pursuant to IPUCRP 201 *et. Seq.* and request that this matter be processed by Modified Procedure. If the Commission determines that a hearing is required, United Water and BSWUA are prepared for immediate hearing, based on the Direct Testimony of Gregory P. Wyatt and Richard Juengling, filed herewith.

WHEREFORE United Water and BSWUA respectfully request that the Commission enter its order:


1. Determining that this matter be processed pursuant to Modified Procedure;
2. Approving the modification of United Water's Certificate of Public Convenience and Necessity to add the Brian Subdivision;
3. Confirming that after the date of closing of the Agreement, United Water shall provide domestic water service to the Brian Subdivision;
4. Approving the surcharge and rate proposals set forth herein;
5. Confirming that the investments by United Water contemplated hereby are prudent for ratemaking purposes and approving the cost recovery and rate making proposal set forth herein; and
6. Granting such other further relief as is appropriate in the circumstance.

DATED this 19 day of September, 2014.

UNITED WATER IDAHO INC.

By: 
Dean J. Miller
Attorney for United Water

**BRIAN SUBDIVISION WATER USERS
ASSOCIATION**

By: 
Richard Juengling, President

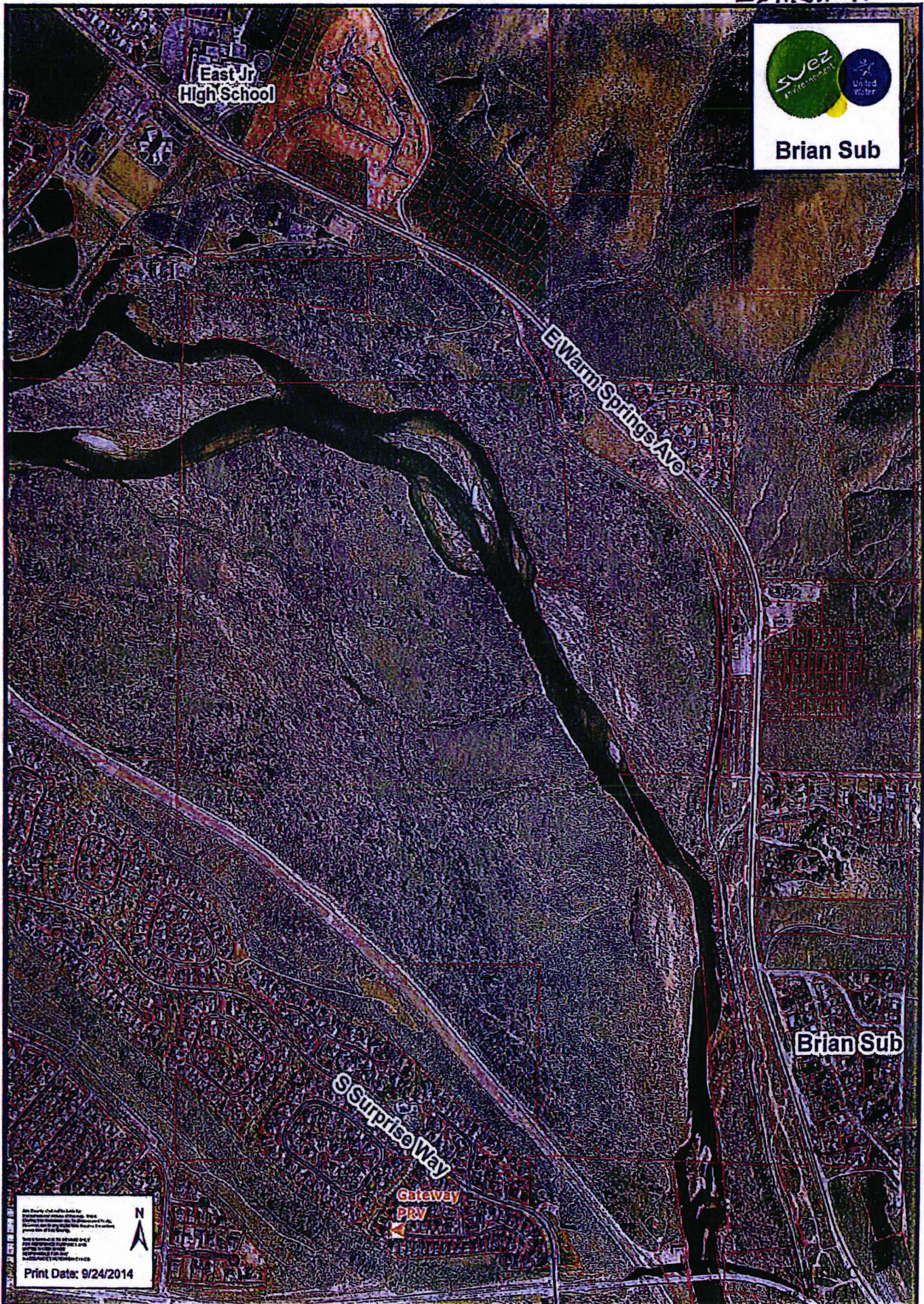


EXHIBIT B
LEGAL DESCRIPTION OF BRIAN SUBDIVISION

Lot 1 Sec. 33 T3N R3E BM, of the records of the Ada County Recorder.

**AGREEMENT FOR CONNECTION AND TRANSFER
OF WATER SYSTEMS**

BETWEEN

UNITED WATER IDAHO INC.

AND

BRIAN SUBDIVISION WATER USERS ASSOCIATION, INC.

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AGREEMENT FOR CONNECTION AND TRANSFER OF WATER SYSTEMS

THIS AGREEMENT FOR CONNECTION AND TRANSFER OF WATER SYSTEMS ("Agreement") is made by and among **UNITED WATER IDAHO INC.**, an Idaho corporation (hereinafter referred to as "United Water") and **BRIAN SUBDIVISION WATER USERS ASSOCIATION, INC.**, an Idaho not-for profit corporation, (hereinafter referred to as "BSWUA").

RECITALS

A. United Water owns and operates an integrated domestic water system in the City of Boise, Idaho and areas of Ada County, Idaho.

B. BSWUA owns and operates a domestic water system in Ada County, Idaho that provides service to approximately forty-six (46) customers (the BSWUA Water System"). The Idaho Department of Environmental Quality ("IDEQ") has issued an Order requiring BSWUA to eliminate existing nitrate contamination from its domestic water supply system. After diligent investigation, BSWUA has determined that the only feasible method to eliminate existing nitrate contamination is to connect its domestic water system to United Water's domestic water supply system and to transfer its domestic water system to United Water. The location of the BSWUA domestic water system is depicted on **Exhibit A**.

C. Contingent upon requisite approval by the Idaho Public Utilities Commission ("Commission") United Water is willing to connect its domestic water system to that of BSWUA and thereafter provide domestic water service to the BSWUA Customers on the terms and conditions set forth herein.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing recitals and of the terms, conditions and mutual covenants herein set forth, the parties hereto mutually covenant and agree as follows:

1. CONSTRUCTION OF FACILITIES AND SYSTEM IMPROVEMENTS

Subject to the terms and conditions hereinafter set forth United Water, subsequent to approval by the Commission, shall construct the following facilities and BSWUA system improvements:

- (a) **Pipe Line.** A main pipeline consisting of approximately 2,280 feet of 12-inch PVC, 260 feet of 12-inch DI, and 2,190 feet of 8-inch PVC from the Boise River into and through the Brian Subdivision and approximately 1,800 feet of 14 inch High Density Polyethylene pipe bored under the Boise River and New York Canal (collectively the "Pipe Line"). The Pipe Line also includes the installation

of four (4) fire hydrants and appurtenances within the BSWUA distribution facilities so as to provide fire protection service, which currently does not exist within the BSWUA domestic water system. The location of the proposed Pipe Line, including the fire hydrants, is depicted on **Exhibit B**.

- (b) **Services, Setters, and Meters replacement.** Replace existing utility-side service lines, meter boxes, setters, and meters with facilities compatible with United Water's domestic water system (collectively the "Facilities").

2. **COST OF FACILITIES AND PIPE LINE.**

United Water's estimated cost for construction of the Facilities and Pipe Line is \$1,340,210, itemized as follows:

(a) **Pipe Line:** \$1,215,184.

(b) **Facilities:** \$125,026.

These costs will be subject to true-up upon completion of construction.

3. **ALLOCATION OF COSTS.**

In an Application to be filed with the Commission, BSWUA shall propose that the costs set forth above be allocated as follows:

- (a) **Pipe Line.** A maximum of ten percent (10%) of the revenue requirement associated with the true-up Pipe Line construction cost shall be allocated to BSWUA customers, to be recovered from the existing customers of the BSWUA. At least ninety percent (90%) of the revenue requirement associated with the true-up Pipe Line construction cost shall be allocated to all United Water customers for recovery.
- (b) **Facilities.** One hundred percent (100%) of the revenue requirement associated with the true-up construction cost of the Facilities shall be allocated to BSWUA customers, to be recovered from the existing customers of the BSWUA.

4. **TRANSFER OF ASSETS.**

BSWUA agrees to, assign, transfer and convey and deliver to United Water, at the Closing (defined below), by quitclaim deed, bill of sale, assignments, and other instruments of transfer reasonably satisfactory to the parties, and United Water agrees to receive the following BSWUA Water System Assets ("Assets):

- (a) **Tangible Personal Property.** All tangible personal property and only that tangible personal property used and useful in connection with the operation and maintenance by BSWUA of the domestic water systems and the furnishing of water services including, without limitations, appurtenances, equipment, valves,

pipes, water lines, service lines, meters, meter boxes and lids, valves, machinery, inventory, surveys, maps, records and supplies (all hereinafter collectively referred to as the "Tangible Property"). Specifically excluded are the well lot (see Paragraph 5 - Real Property Retained below), wells, buildings, and all pump, motor, pressure, and control equipment located at and within the well buildings. The Tangible Property is limited to the items specifically listed on attached **EXHIBIT C**.

- (b) **Intangible Property**. All intangible property and only that intangible property used and useful in connection with the operation and maintenance by BSWUA of the domestic water system and the furnishing of water services including, without limitation, all leases, ground water rights, permits, easements, rights-of-way, customer lists and records, well logs, maintenance records, tariffs and rules and regulations governing the rendering of service and extension of service to future development, franchises, permits, certificates (all hereinafter collectively referred to as "Intangible Property").
- (c) **Ground Water Rights**. Idaho Department of Water Resources Ground Water Rights No. 63-3222 and No. 63-10890.

The Assets are being transferred free and clear of all liens, pledges, security interest, charges, taxes, claims, restrictions and encumbrances of any nature whatsoever.

5. REAL PROPERTY RETAINED.

BSWUA owns certain real property more particularly described as follows:

Block 2, Lot 13, Brian Subdivision, Records of Ada County Recorder (the "Real Property").

BSWUA shall retain ownership of the Real Property. The Real Property is used by BSWUA as a well lot. BSWUA will with reasonable diligence cause the wells to be sealed and capped and the well site to be remediated in accordance with the requirements of regulatory bodies having jurisdiction. BSWUA shall provide to United Water satisfactory proof that the wells have been sealed and capped and the site remediated.

6. REPRESENTATIONS, WARRANTIES AND COVENANTS OF UNITED WATER.

United Water hereby represents and warrants to BSWUA that as of the date hereof and as of the Closing Date (defined below):

- (a) **Authority**. That United Water is an Idaho corporation that has been duly organized and is validly existing and in good standing as a corporation under the laws of the State of Idaho, and has full power and authority to: (i) enter into this

Agreement; and (ii) carry out and consummate the transactions contemplated by this Agreement.

- (b) **Effect of Transactions.** That neither the execution of this Agreement nor the consummation of the transactions contemplated hereby will: (i) result in a breach of or a default under any agreement, document or instrument to which United Water is a party or by which United Water is bound; or (ii) violate any existing statute, law, regulation, restriction, order, writ, injunction or decree of any court, administrative agency or governmental body to which United Water is subject.

7. REPRESENTATIONS, WARRANTIES AND COVENANTS OF BSWUA.

BSWUA hereby represents, covenants and warrants to United Water that as of the date hereof and as of the Closing Date:

- (a) **Authority.** That BSWUA is an Idaho not-for profit corporation which has been duly organized and is validly existing and in good standing as a not-for profit corporation under the laws of the State of Idaho, and has full power and authority to: (i) enter into this Agreement; and (ii) carry out and consummate the transactions contemplated by this Agreement.
- (b) **Effect of Transactions.** That the execution and delivery of this Agreement by the signatories hereto on behalf of BSWUA and the performance of this Agreement by BSWUA have been duly authorized by BSWUA. Neither the execution of this Agreement nor the consummation of the transactions contemplated hereby will: (i) result in a breach of or a default under any agreement, document or instrument to which BSWUA is a party or by which BSWUA is bound; or (ii) violate any existing statute, restriction, order, writ, injunction or decree of any court, administrative agency or governmental body to which BSWUA is subject.

8. TIMELINES

Upon receipt of a final, non-appealable Order from the Commission, United Water will commence construction of the Pipe Line and shall pursue construction with reasonable diligence. The Parties understand and agree, however, that construction of the Pipe Line may be subject to the approval and requirements of other governmental agencies, which may affect the timing of construction.

Thereafter, United Water shall undertake replacement of utility-side service lines, meter boxes, setters, and meters as set forth above.

9. CONDITIONS PRECEDENT TO CLOSING

(a) **Conditions Precedent to BSWUA's Obligations.** This Agreement, and the parties' obligations to close the transaction contemplated herein, are subject to the following express conditions precedent. Notwithstanding anything to the contrary that may be contained herein, each of the following conditions precedent may be waived in writing by United Water, such conditions being for the exclusive protection and benefit of United Water.

- (i) That there shall not have been any material damage, destruction, or loss adversely affecting the BSWUA Water System.
- (ii) On the Closing Date, no proceeding shall be pending or threatened before any court or governmental agency in which it is sought to restrain or prohibit or to obtain damages or other relief in connection with this Agreement or the consummation of the transactions contemplated hereby, and no investigation that might eventuate in any such suit, action or proceeding shall be pending or threatened.
- (iii) All approvals required in connection herewith shall have been obtained from the Idaho Department of Environmental Quality and the Idaho Department of Water Resources.

(b) **Additional Condition Precedent.** BSWUA and United Water agree that consummation of the transaction contemplated by this Agreement is also subject to United Water obtaining an approval and Order from the Commission on terms that are acceptable to both United Water and BSWUA, that, among other things:

- (i) Confirms that United Water may amend its Certificate of Public Convenience and Necessity so as to include the BSWUA Water System in its authorized service territory;
- (ii) Approves the accounting and ratemaking treatment in the manner to be proposed in an Application to be filed with the Commission;

If there is any portion of such ruling by the Commission that, in either party's judgment, is substantially inconsistent with this Agreement or with the Application to the Commission, either party, within ten (10) business days after receipt of such Commission ruling, may provide the other party with written notice that this Agreement is null and void, and thereafter the parties shall have no further obligations or liabilities hereunder.

If such notice is not given in the time permitted, the parties agree to amend this Agreement, within thirty (30) days of both parties' receipt of such ruling by the Commission, to the effect that this Agreement shall be made consistent with the Commission's ruling.

The parties agree to cooperate and will use commercially reasonable efforts in the processing and prosecuting of the filing for approval by the Commission.

10. CLOSING RELATED MATTERS; POST-CLOSING

The closing of the transfer of the Tangible and Intangible Property (the "Closing") shall take place not later than thirty (30) days after completion of the construction of the Pipe Line and the Facilities described in paragraph 1 and 8 (the "Closing Date"); provided, however, that if the thirtieth (30th) day is a Saturday, Sunday or federal holiday, the Closing Date shall be on the first Tuesday after the thirtieth (30th) day.

- (a) **Closing.** The Closing shall take place at the office of McDevitt & Miller, LLP, 420 West Bannock, Boise, Idaho or at such other place as may be agreed upon by the parties.
- (b) **Possession.** Possession of the BSWUA Water System shall be delivered to United Water on the Closing Date.
- (c) **Post-Closing Actions.** Subsequent to the Closing and the Closing Date, each party will take such actions and execute and deliver such documents (to convey title or otherwise) as the other party shall reasonably request, or otherwise carry out the transaction and the intentions contemplated by this Agreement. The foregoing will include (without limitation) the following:
 - (i) **Cooperation.** The parties will cooperate in coordinating the prompt, orderly transition of supply of domestic water to the domestic water systems.
 - (ii) **Billing.** On the Closing Date, United Water and BSWUA shall have all customer meters read. All revenue earned by United Water as determined by the meter readings on the Closing Date and forward shall be due and payable to United Water.
 - (iii) **Repairs and Maintenance.** All repairs and maintenance on the BSWUA system transferred to United Water shall be the responsibility of United Water beginning on the Closing Date.

11. CLOSING DOCUMENTS

Seller's Deposits. At Closing and subject to the terms and conditions herein contained, BSWUA shall deliver to United Water the Assets, including without limitation, the following:

- (a) Bill of Sale;
- (b) Assignment of Water rights Nos. 63-3222 and 63-10890

- (c) Customer account records;
- (d) Duly executed Resolution of BSWUA's governing body authorizing this transaction.

All of the documents and instruments to be delivered by BSWUA hereunder shall be in form and substance reasonably satisfactory to counsel for United Water.

12. PRORATIONS AND ADJUSTMENTS

The following items shall be paid, prorated and adjusted as of the Closing Date:

- (a) All accounts payable and other obligations incurred by BSWUA prior to the Closing Date shall be caused to be paid or performed by BSWUA on or before the Closing Date or as soon as possible thereafter, and United Water assumes no obligations or responsibility for the payment or performance thereof. Bills received after Closing which relate to expenses incurred or service performed allocable to the period prior to the Closing Date shall be paid by BSWUA.
- (b) Such other items as are customarily prorated in transactions of the type contemplated in this Agreement.
- (c) All such prorations shall be based on the most recent ascertainable bills, and be made on the basis of the actual number of days of the year and month which shall have elapsed as of the Closing, and to the extent reasonably practicable such prorations shall be made at the Closing. Such items of income and expenses for the period prior to the Closing Date will be for the account of BSWUA and such items of income and expense for the period on and after the Closing Date will be for the account of United Water.

13. DEFAULT AND REMEDIES

- (a) **Default by BSWUA.** If BSWUA should fail to consummate the transaction contemplated herein for any reason, except by default by United Water, United Water may elect any one or more of the following remedies: (i) to enforce specific performance of this Agreement and in such action United Water shall have the right to recover damages suffered by United Water by reason of the delay in the acquisition of BSWUA domestic water systems (ii) to bring suit for damages for breach of this Agreement; (iii) to terminate this Agreement whereupon BSWUA will reimburse United Water for United Water's out-of-pocket expenses incurred with respect to this transaction, including reasonable attorney fees; or (iv) pursue any and all remedies at law or equity.

- (b) **Default by United Water.** If United Water should fail to consummate the transaction contemplated herein for any reason, except failure of a condition precedent set forth in paragraph 9 which is not waived by United Water, or default by BSWUA, BSWUA may elect any one or more of the following remedies; (i) to enforce specific performance of this Agreement and in such action BSWUA shall have the right to recover damages suffered by BSWUA by reason of the delay in the acquisition of the BSWUA domestic water system (ii) to bring a suit for damages for breach of this Agreement; (iii) to terminate this Agreement whereupon United Water will reimburse BSWUA for BSWUA's out-of-pocket expenses incurred with respect to this transaction, including reasonable attorney fees; or (iv) pursue any and all remedies at law or equity.

14. BROKERAGE

Each of the parties represents and warrants to the other that it has not incurred and will not incur any liability for finders or brokerage fees or commissions in connection with this Agreement and the transactions contemplated hereby.

15. NOTICES

All notices required or desired to be given under this Agreement shall be in writing and delivered personally or sent by facsimile or by first class United States mail, postage prepaid, addressed as follows:

If to United Water: General Manager
Gregory P. Wyatt
United Water Idaho Inc.
P.O. Box 190420
Boise ID 83719-0420
Tel. (208) 362-7327
Fax. (208) 362-7069

With a copies to: Dean J. Miller, Esq.
420 W. Bannock
P.O. Box 2564-83701
Boise, Idaho 83702
Tel. (208) 343-7500
Fax: (208) 336-6912

And United Water Management & Services Inc.
200 Old Hook Road
Harrington Park, New Jersey 07640
Attention: Legal Department
Tel. (201) 767-9300
Fax. (201) 767-7018

If to BSWUA: Richard Juengling, President
Brian Subdivision Water User Association, Inc.
5885 Eastwood Place
Boise, Idaho 83716

or to such other address as either party may from time to time designate by written notice given to the other party in the manner provided herein. Any notice given in accordance with the foregoing shall be deemed to have been given (i) on the date upon which it shall have been delivered or (ii) three (3) days after being deposited in the United States mail, whichever is first. If sent by facsimile transmission, such notice shall be deemed to have been given when received prior to 5:00 p.m. on a business day; otherwise, at 9:00 a.m. on the next business day.

16. MISCELLANEOUS

- (a) This Agreement may not be assigned by any party without the consent of the other party hereto, which consent shall not be unreasonably withheld. This Agreement shall be binding upon and inure to the benefit of the successors and permitted assigns of the parties hereto.
- (b) Wherever under the terms and provisions of this Agreement the time for performance falls upon a Saturday, Sunday or federal holiday, such time for performance shall be extended to the next business day.
- (c) This Agreement may be executed in counterparts, each of which shall constitute an original, but all together shall constitute one and the same agreement.
- (d) The terms, provisions, covenants (to the extent applicable) and indemnities shall survive the Closing and this Agreement shall not be merged therein, but shall remain binding upon and for the parties hereto until fully observed, kept or performed.
- (e) This Agreement embodies the entire agreement between the parties hereto with respect to the subject matter hereof. It shall not be amended or modified except by written instrument duly executed by each of the parties hereto. Any and all previous agreements and understandings between or among any or all of the parties regarding the subject matter hereof, whether written or oral, are superseded by this Agreement.
- (f) BSWUA and United Water shall each respectively pay any attorney fees they have respectively incurred for the preparation, negotiation and review of this Agreement.
- (g) The captions at the beginning of the several paragraphs, respectively, are for the convenience in locating the context, but are not part of the text.

- (h) In the event any term or provision of this Agreement shall be held illegal, invalid or unenforceable or inoperative as a matter of law, the remaining terms and provisions of this Agreement shall not be affected thereby, but each such term and provision shall be valid and shall remain in full force and effect.
- (i) This Agreement shall be governed and interpreted and enforced in accordance with the laws of the State of Idaho without giving effect to any conflicts of law's provisions.
- (j) By virtue of this Agreement, BSWUA does not, in any way or for any purpose, become a partner of United Water in the conduct of its business, or otherwise, or become a joint venture or a member of a joint enterprise with United Water.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the respective dates set forth below, effective as of SEPTEMBER 24, 2014.

UNITED WATER IDAHO INC.

An Idaho Corporation

By: [Signature]

Title: VICE PRESIDENT

Date: 9-24-14

BRIAN SUBDIVISION WATER USERS ASSOCIATION, INC.

A not-for profit Corporation

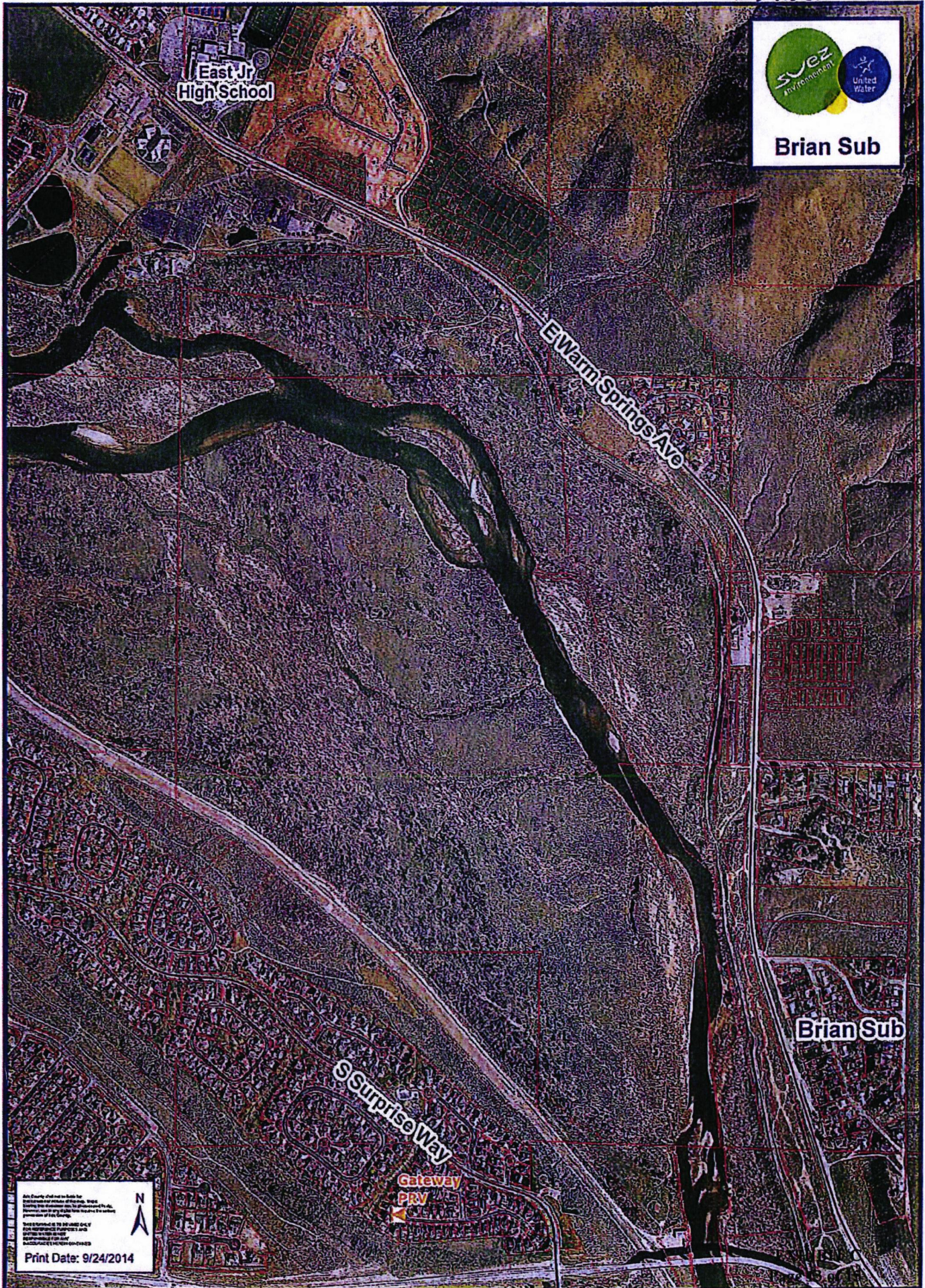
By: [Signature]

Title: PRESIDENT

Date: 9/24/14

Schedule of Exhibits

Exhibit A: Vicinity Map
Exhibit B: Pipeline Map
Exhibit C: Tangible Property



East Jr
High School

E Warm Springs Ave

Surprise Way

Gateway
PRV

Brian Sub

Brian Sub



All County and not to be used for
any other purpose without the express
written consent of the County. No
warranty is made by the County for
any use of this map.

This is a preliminary map and
should not be used for any
purpose without the express
written consent of the County.

Print Date: 9/24/2014



EXHIBIT C

BILL OF SALE

Brian Subdivision Water Users Association, an Idaho corporation, whose address is 5885 East Wood Place, Boise, Idaho, 83716 ("BSWUA"), for valuable consideration, the receipt and sufficiency of which are hereby acknowledged, does hereby assign, transfer, and set over to United Water Idaho Inc., whose address is 8248 West Victory Road, Boise, Idaho 83709 ("United Water"), the following property:

Distribution System:

3,200 feet, more or less, main pipeline

All utility-side service lines, meters and meter boxes

Valves

Spare parts

Accounts and Records:

Customer list and billing address

BSWUA hereby represents and warrants to United Water that BSWUA is the absolute owner of the Property, that the Property is free and clear of liens, charges and encumbrances, that BSWUA shall defend the same from all claims whatsoever, and that BSWUA has full right, power and authority to assign, transfer and set over to United Water said Property and to make this Bill of Sale; provided, however, BSWUA has neither made nor makes any warranties, whether expressed or implied, concerning the condition of the Property, and United Water takes and receives the Property "AS IS," "WHERE IS".

IN WITNESS WHEREOF, BSWUA has signed this Bill of Sale this _____ day
of _____, 2014.

**BRIAN SUBDIVISION WATER USERS
ASSOCIATION**
an Idaho corporation

By: _____
Richard Juengling, Chairman

NOTICE TO MEMBERS OF BRIAN SUBDIVISION WATER USERS ASSOCIATION INC.

September 26, 2014

Dear Member:

As you know, your Board of Directors has been working for over a year to find a solution to the nitrate contamination within the Brian Subdivision water system. After investigation, the Board determined the only feasible solution is to connect the Brian water system to the water system operated by United Water Idaho Inc. All system users and owners in the subdivision were asked to participate in a meeting on December 5, 2013 to vote on implementation of this solution. A majority of homeowners were present and voted. The vote to connect with and to turn our system over to United Water was unanimous in favor.

After a long period of exploration and discussion with United Water, we have agreed upon and signed an *Agreement for Connection and Transfer of Water Systems Between United Water Idaho Inc. and Brian Subdivision Water Users Association, Inc.* (Agreement). The Agreement is subject to approval by the Idaho Public Utilities Commission (Commission). United Water and BSWUA have filed an Application with the Commission for approval of the Agreement.

The key features of the Agreement are:

- United Water will construct a main pipeline from its existing facilities near the Boise River under the river and under the New York Canal and connect to the Brian water system at an estimated cost of \$1,215,184.
- United Water will replace existing services, settings and meters and install fire hydrants at an estimated cost of \$125,026.
- Up to ten percent of the pipeline cost and one hundred percent of the internal distribution system costs would be assigned to BSWUA customers and recovered through a surcharge on United Water bills. These costs would be recovered by a bi-monthly surcharge of not more than \$124.86 or by a one-time payment at the election of a member. Ninety percent of the pipeline costs would be assigned to United Water's other customers.

Customers desiring to submit comments to the IPUC or request a hearing, may do so either by U.S. mail or via the IPUC's internet page as set out below.

U.S. mail to:
Idaho PUC
P.O. Box 83720
Boise, ID 83720-0074

via the IPUC's internet page go to:
<http://www.puc.idaho.gov/forms/casecomment.aspx>

A copy of the entire Application is available for public review at the IPUC's office (472 West Washington Street in Boise) or on-line at: www.puc.idaho.gov/fileroom/cases/summary/ORET1401.html.

Customers may also subscribe to the IPUC's RSS feed to receive periodic updates about the Application by following the instructions on the IPUC's internet home page (www.idaho.puc.gov) under "Keep me Updated, Subscribe to our Feeds."

If you have any questions concerning the Application or would like to receive copies of the Agreement and Application, please contact me at (208) 859-3908.